

QUARTERLY REPORT

FOR THE QUARTER ENDING
31 MARCH 2022



Metals X Limited (**Metals X** or the **Company**) presents its activities report for the quarter ended 31 March 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- Bluestone Mines Tasmania JV Renison Tin Operation (**Renison**) reported two Recordable Injuries during the quarter.
- The 12-month rolling Total Recordable Injury Frequency Rate (**TRIFR**) for Renison decreased from 10.8 to 9.5 at the end of the quarter and reflects the continued emphasis placed on quality safety interactions, and the identification, control, and management of hazards by all site personnel.
- Safety initiatives during the quarter included redevelopment of the Safety Management System and publishing of the sites 2022 Safety Improvement Plan and active tracking to the plan implemented. The critical risk management project continued with all bowtie assessments completed and the implementation of tracking metrics for critical control tasks and critical risk safety interactions. Development of safety performance standards and the integration of critical control management tasks into work management systems continued.
- Renison continued its site wide Environmental Risk Assessment that will lead to the development of an Environmental Improvement Plan, a number of capital improvements to rectify legacy site environmental risks have been included in the CY2022 and LOM plan.
- Metals X continued to engage external consultants to assist with developing its Environment, Social and Governance reporting framework in reference to Global Reporting Initiative (**GRI**) Standards.
- External mining consultants were engaged by Renison to review an underground seismic event that occurred in Area 5 in February 2022. The consultant provided a series of recommendations to enhance data collection, mine planning, ground support and ongoing seismic monitoring and modelling in Area 5 and Leatherwood.

COVID-19

- The majority of previously implemented COVID-19 controls remained in place during the quarter with Renison regularly updating its COVID-19 risk assessment in line with public health advice. Controls appear to be effective with limited on-site transmissions detected and infection rates consistent with the wider Tasmanian population. Most COVID-19 cases appear to be detected during rostered breaks.
- The Renison workforce (including contractors) has confirmed 99 new cases of COVID-19 during the quarter with a total of 145 persons requiring isolation. At the end of the quarter 23 persons were in isolation.
- While COVID-19 related delays have impacted the procurement and shipping of overseas items and critical spares for the Area 5 upgrade, these delays have been managed with minimal disruption to the overall Area 5 schedule .

CORPORATE HIGHLIGHTS

- During the quarter, Metals X shipped 1,489 tonnes of tin in concentrate (Q4 2021: 1,335 tonnes) to the Thailand Smelting and Refining Co. Ltd (**Thiasarco**), the Malaysian Smelter Corporation (**MSC**) and Yunnan Tin China (**YTC**).
- Closing cash for the quarter increased by \$45.3 million to \$91.6 million (Q4 2021: \$46.3 million).
- On 7 January 2022, Metals X completed the sale and spin out of its Nickel asset portfolio, including the Wingellina Nickel-Cobalt Project in Western Australia and the Clause Hills Project located in South Australia to Nico Resources Limited (**NICO**).¹
- On 13 January 2022, Metals X completed the in-specie distribution of the Consideration Shares to eligible Metals X Shareholders.

¹ Refer ASX Announcement: 7 January 2022, Nickel Asset Sale Completion.

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- On 30 March 2022, Metals X received the payment of A\$1.44 million as settlement of the initial 4% coupon payable under the terms of the convertible notes issued by Cyprium Metals Limited (CYM).²
- During the quarter, Metals X sold 2,000,000 fully paid shares held in NICO on market and received approximately \$1.6 million (excluding transaction costs).

OPERATIONS REVIEW

RENISON TIN OPERATION

Metals X owns a 50% equity interest in Renison through its 50% stake in the Bluestone Mines Tasmania Joint Venture (BMTJV). All data in this report is 100% of Renison unless stated as 'MLX 50% share'.

The Renison strategy is focused on:

- Continuing to convert ongoing in-mine exploration into a substantial long-life mining operation;
- Deliver higher cash margins through an increased mining rate and recovery;
- Improving the operational safety, environmental compliance; and
- Continuing to seek productivity improvements and reduce costs.

TABLE 1 – RENISON TIN OPERATION PRODUCTION AND COSTS (100% BASIS) – MARCH 2022 QUARTER

		Mar 2022 Quarter	Dec 2021 Quarter	Rolling 12-months
Physical and Revenue Summary				
Ore mined	t ore	197,951	186,298	827,448
Grade of ore mined	% Sn	1.44	1.58	1.48
Ore milled (after sorter upgrade)	t ore	179,004	168,151	689,480
Grade of ore processed	% Sn	1.73	1.80	1.74
Recovery overall ⁽¹⁾	%	78.0	76.7	77.5
Tin produced	t Sn	2,477	2,359	9,443
Tin sold	t Sn	2,793	2,175	8,879
Realised tin price (net of TC/RC)	A\$/t Sn	\$54,310	\$49,351	\$47,267
C1 cash production costs	A\$/t Sn	\$14,718	\$16,332	\$15,214
All-in Sustaining Costs (AISC) ⁽²⁾	A\$/t Sn	\$23,747	\$21,869	\$23,005
All-in Cost (AIC) ⁽²⁾	A\$/t Sn	\$29,482	\$28,783	\$25,972
Imputed revenue (net of TC/RC) ³	\$M	142.15	114.73	437.19
C1 cash production costs	\$M	36.46	37.12	150.35
AISC ⁽²⁾	\$M	72.15	50.18	215.31
AIC ⁽²⁾	\$M	73.18	65.45	251.49
Imputed net cash flow ³	\$M	74.83	60.86	218.21
Imputed EBITDA	\$M	98.09	77.61	286.85

⁽¹⁾ Recovery is expressed as overall recovery, taking account of losses of tin through the ore sorter and the concentrator

⁽²⁾ AIC includes AISC plus project and exploration costs

⁽³⁾ Imputed Revenue assumes 100% of tin produced is sold. Imputed net cashflow assumes no change to receivables or inventory. Metals X share of imputed net cashflow is A\$37.4 million

PRODUCTION AND COSTS

- A seismic event delayed mining from the higher-grade Area 5 stopes and resulted in planned development meters being rescheduled to Q2 2022. The delay allows for seismic ground support upgrades and rehabilitation to be completed. Sufficient seismic rehabilitation upgrades were completed late in March 2022 allowing for restart of the lower Area 5 mining sequence. Total Tin production for the quarter was not affected with replacement tonnes coming from other areas of the mine and a drawdown from surface stockpiles

² Refer ASX Announcement: 30 March 2022, Convertible Note Interest Payment.

- The major shut down of the processing plant planned for March 2022 was rescheduled to April 2022. Instead, a minor shutdown occurred in March 2022 to commission completed Area 5 surface infrastructure and minor maintenance works.
- Continued high tin production was achieved for the quarter. An increase in ore tonnes milled and tin recovery compensated for a lower milled ore feed grade caused by the substitution of higher-grade ore from Area 5 with surface stockpiles.
- Renison produced a record quarterly production of 2,477 tonnes of tin-in-concentrate (previous best Q3 2021: 2,471 tonnes of tin in concentrate). The production result represents a 5% increase against the previous quarter (Q4 2021: 2,359 tonnes of tin-in-concentrate). Overall recovery in March 2022 was the third highest on record. January production was also a record with 1,012 tonnes of tin produced.
- All-in-sustaining cost (**AISC**) of \$23,747/tonne of tin (Q4 2021: \$21,869/tonne of tin).
- Imputed EBITDA of \$98.1 million (MLX 50% share - \$49.1 million) (Q4 2021: EBITDA \$77.6 million) and imputed net cash flow of \$74.8 million (MLX 50% share - \$37.4 million) (Q4 2021: \$60.9 million).

The market outlook for tin remains strong and is expected to continue for 2022.

AREA 5 PROJECT UPDATE

The Area 5 upgrade has progressed significantly over the period. Additional scope, difficult ground conditions, COVID-19 related issues with logistics and contractors together with delays in manufacturing have all impacted the schedule but at this point there is no anticipated change to the production plan for 2022.

Key activities during the quarter included:

- **HV Power Upgrade**
 - Installation of structural steelwork complete.
 - Delivery and installation of Switch room complete.
 - Running of cables.
 - Retaining walls, footings and culverts civil works complete.
 - Ongoing rescheduling of sitewide power outage plans to coincide with production requirements and evolving COVID related delivery delays.
- **Ventilation Upgrade**
 - A combination of difficult ground conditions and subsequent cutter damage in the new return airway Raisebore have put the Area 5 underground ventilation work behind schedule. Reaming of Leg 2 has reached 267m. The delay is expected to move the commissioning date from June 2022 to July 2022. The delay is not expected to affect the mine production schedule at this stage.
 - Fabrication of the ventilation doors and fan foundation design was completed and construction commenced in the fan chamber.
- **Backfill Facility and Infrastructure**
 - Commissioning of the new paste plant is approximately 3 weeks behind schedule due to COVID-19 procurement impacts. Commissioning has been pushed to late July 2022 at this stage.
 - Construction of the plant continued with the majority of concrete civil works near complete and structural steel erection commenced on the main filter shed, thickener and tailing storage tanks.
 - Design and procurement of the underground piping infrastructure is underway with delivery and installation on track to meet the surface construction schedule.

Total Area 5 forecast costs are now \$60.3 million with approximately \$3.6 million of contingency remaining but forecast to be consumed (June 2021 forecast \$56.6 million). The update includes scope changes being the move to a new paste plant, additional scope in the water treatment area, and additional HV Power electrical upgrade scope.

MINE RESOURCE DRILLING PROGRAM

During the quarter, 12,855 metres of underground and 528 metres of surface drilling was completed which included grade control drilling in Leatherwood and Central Federal Basset and Resource development drilling in Leatherwood and Lower Federal areas.

The northern extensions to both the Area 5 1140 North Hanging Wall Drill Drive (HWDDR) and the HN 1450 HWDDR drilling platforms have been completed and drilling is planned to commence from these platforms within the next quarter. The Federal Basset and Deep Federal South surface drilling programs for resource definition have successfully been completed.

METALLURGICAL IMPROVEMENT PROGRAM

The Metallurgical Improvement Program was finalised during the period with record tin recoveries continuing. Key Metallurgical Improvement Program workstreams finalised and commissioned during the quarter were:

- Gravity Concentrate Pumping Improvements.
- CMC mixing and dosing system (for Talc management).
- Primary Grinding/Sulphide Feed Stability.
- Sulphide Re grind Stability.
- Leach circuit de-bottle necking EPC commissioned.
- Tin Flotation Circuit Re-configuration EPC commissioned.

THERMAL UPGRADE PROJECT AND RENTAILS PROJECT

Stage 1 of the Rentails 2022 DFS Update is focused on resolving key optionality and project configuration issues, to select the optimum, single go-forward project configuration for detailed consideration in Stage 2 of the Study.

Work on Stage 1 was significantly advanced over the period. Contracts were awarded, and work progressed for all work packages. Good progress was made on assessing and resolving major project configuration options across all areas.

Key activities included:

- Concentrator:
 - Detailed review and confirmation of the process design criteria and flowsheet configuration is nearing completion.
- Thermal Upgrade Plant:
 - Option selection studies for thermal upgrade plant furnace technology, off-gas train configuration, and energy source are nearing completion.
- Infrastructure Engineering:
 - HV power supply study is currently underway.
- Tailings Reclaim, Tailings and Water Management:
 - Detailed assessment of the most appropriate tailings reclaim methodology is well advanced, with preliminary tailings reclaim schedules prepared for dredge and sluice-based operations.
 - Work on assessing the most appropriate tailings management strategy is also well advanced. Strategies for management of other waste streams produced from the TUP were reviewed.
- Plant Capacity and Grade:
 - The models for analysis of the optimum plant capacity and target concentrate grade have been established and this work will be completed once inputs are available for each operation area.
- Safety, Health, Environment & Community:
 - Permitting gap analysis and planning strategy is well progressed.
 - Natural Values Constraints Assessment has been completed including all potential project locations (process, pipeline, and tailings storage).

- Development of social license analysis and strategies has been progressed.

Work for the coming period will be focused on finalisation Stage 1, and Stage 2 planning and initiation. At the end of the period overall progress for Stage 1 of the study was 56% complete, with Stage 1 expected to be complete in August 2022.

NEAR MINE EXPLORATION

The first of the DHEM targets has been drilled, totalling 663.4m. Logging and sampling of the first hole has commenced with assays to be submitted and reported in the coming quarter. Drilling of the second DHEM target will be commencing in the coming quarter.

Phase 1 of the surface ridge and spur soil sampling program has been completed with over 29 km of lines cut and 265 samples collected and submitted for multi element analysis. It is expected that the result of these analysis will be reported in the coming quarter. The second phase of the surface ridge and spur sampling program will also commence in the next quarter.

CORPORATE

COMPLETION OF THE SPIN OUT OF NICKEL - COBALT ASSETS

The Company has previously announced the execution of a binding terms sheet with NICO for the sale and spin out of its Nickel asset portfolio, including the Wingellina Nickel-Cobalt Project located in Western Australia and the Claude Hills Project located in South Australia.³

On 7 January 2022, Metals X completed the sale and spin out of its Nickel asset portfolio to NICO.

On 13 January 2022, Metals X was allotted 20,000,000 fully paid ordinary shares (**IPO Shares**) at \$0.20 per share issued under the NICO IPO. In addition to the IPO Shares, Metals X received the following upon completion:

- 25,000,000 fully paid ordinary shares in NICO at a deemed issue price of \$0.20 per share (**Consideration Shares**); and
- 25,000,000 options to subscribe for shares in NICO, exercisable at \$0.25 each, expiring 3 years after grant.

On 15 December 2021, shareholders approved the capital reduction and in-specie distribution of the Consideration Shares.⁴

On 19 January 2022, NICO (ASX: NC1) commenced trading on the ASX. Further details on the on the activities of NICO are available from their ASX releases.

IN-SPECIE DISTRIBUTION OF NICO SHARES

On 13 January 2022, Metals X completed the in-specie distribution of the Consideration Shares to eligible Metals X Shareholders.

Metals X has requested a Ruling from the ATO on whether the in-specie distribution of the Consideration Shares constitutes a dividend, a return of capital, or a combination of the two. The Ruling is expected to be received in Q2 2022.

INVESTMENTS – CONVERTIBLE NOTES, SHARES AND OPTIONS

The Company continues to hold \$36.0 million in aggregate in convertible notes and 40.6 million options issued by Cyprium Metals Limited (**CYM**). The first tranche of 20.3 million options were exercisable at a price of \$0.314 and expired out of the money on 30 March 2022. Further details on the activities of CYM are available from their ASX releases.

Following completion of the sale of the Company's Nickel Asset portfolio to NICO and subsequent IPO, the Company held 21,100,000 fully paid ordinary shares (**Shares**) and 25,000,000 options in NICO.

Terms of the Shares and options are as follows:

- 5,400,000 unrestricted shares;

³ Refer ASX Announcement: 25 May 2021, Term Sheet Executed for Spin-out of Nickel Assets.

⁴ Refer ASX Announcement: 15 December 2021, Results of General Meeting.

- 15,000,000 shares escrowed until 19 January 2023
- 700,000 shares escrowed until 19 January 2024
- 25,000,000 options, exercisable at \$0.25 each, escrowed until 19 January 2024, expiring 3 years after grant.

During the quarter, the Company sold 2,000,000 fully paid shares held in NICO on market and received approximately \$1.6 million (excluding transaction costs). The options are exercisable at \$0.25 on or before 3 November 2024.

After quarter end, the Company sold the remaining 3,400,000 fully paid shares.

CHANGE FINANCIAL YEAR END

On 4 January 2022, the Company announced that the board of directors had resolved to change the Company's financial year end from 30 June to 31 December. The change has been made to better align the financial year end of the Company with the financial year end of Bluestone Mines Tasmania Joint Venture Pty Ltd, the manager of the Renison Tin Operations, in which the Company has a 50% equity interest. The Company's current financial year will end on 30 June 2022 and then the Company will have a six-month transitional financial year beginning on 1 July 2022 and ending 31 December 2022.

UNSECURED LOAN FACILITY WITH ACT TERMINATED

The Company's unsecured loan facility with Asia Cheer Trading Limited Terminated on 31 January 2022.

CASH GENERATION

At quarter end, Metals X had \$91.6 million in the bank (Q4 2021: \$46.3 million), tin metal receivables of \$13.3 million (Q4 2021: \$18.0 million), tin metal inventory of \$14.9 million (Q4 2021: \$23.9 million) and trade and other payables of \$18.5 million (Q4 2021: \$12.7 million). Trade and other payables includes \$9.8 million tin sales received in advance of the physical tin shipments arriving at port.

Metals X share of imputed net revenue from Renison operations is \$37.4 million for the quarter (Q4 2021: \$30.4 million) and the Company's cash balance increased by \$45.3 million during the quarter (Q4 2021: increased by \$24.6 million).

The following table reconciles opening cash plus imputed net cashflows to actual closing cash at quarter end.

Movement in cash balance	A\$(m)
Opening cash at bank	46.3
<i>Add cash inflows</i>	
Quarterly tin sales receipts	79.6
Sale of NICO Resources shares	1.6
Interest received on Cyprium Convertible Notes	1.4
	82.6
<i>Less cash outflows:</i>	
Bluestone JV cash calls	(33.3)
Royalty payment	(3.0)
Working capital	(1.0)
Closing cash at bank	91.6

This quarterly report has been authorised by the board of directors of Metals X Limited.

ENQUIRIES

Mr Brett Smith - Executive Director
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Competent Person's Statements

The information in this report that relates to historic Exploration Results is based on, and fairly represents, information that has been compiled by Bluestone Mines Tasmania Joint Venture Pty Ltd technical employees under the supervision of Mr Colin Carter B.Sc. (Hons), M.Sc. (Econ. Geol), AusIMM. Mr Carter is a full-time employee of the Bluestone Mines Tasmania Joint Venture Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The Company confirms it is not aware of any new information of data that materially affects the Exploration Results and the form and context in which the Competent Person's findings have been presented has not been materially modified from the original announcement as noted.